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## FISCAL IMPACT REPORT

SPONSOR Smith DATE TYPED 3-2-2005 HB \_\_\_\_\_  
 SHORT TITLE Income Tax Payments Rebates SB 893  
 ANALYST Taylor

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
(\$6,700)	(\$6,700)	Similar	Non-Rec	State General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files  
 Taxation and Revenue Department (TRD)

### SUMMARY

Senate Bill 893 provides an income tax rebate against income taxes paid in taxable year 2005. The rebate is not to exceed twenty-three dollars and twenty-five cents of the New Mexico Income tax paid in tax year 2005.

### FISCAL IMPLICATIONS

The Taxation and Revenue Department (TRD) estimates that the rebate will reduce state tax revenue by \$13.4 million on a non-recurring basis. The fiscal impact is split between two fiscal years based on the state's revenue recognition policy.

TRD used data from tax year 2003 returns (latest available data) to estimate the impact. The methodology began by estimating returns with liability of \$23.25 or more, and then stepping down to returns with returns of liability between \$12 and \$23.25 and finally returns with liability between \$12 and \$0. These were summed to arrive at the estimated impact.

### ADMINISTRATIVE IMPLICATIONS

TRD reports that the administrative implications are minimal and could be absorbed with existing resources.

BT/yr